

**TOWN OF LANIGAN**  
**2009 WATERWORKS INFORMATION, RATE POLICY**  
**AND CAPITAL INVESTMENT STRATEGY**

Under the Waterworks Information, Rate Policy and Capital Investment Strategy it shall be the objective of the Town of Lanigan to:

- A. Establish water & sewer rates whereby revenues exceed operating expenditures and long term debt by December 31<sup>st</sup>, 2008.
- B. Establish as part of the water & sewer rates an infrastructure allocation to be put into reserve to address future waterworks infrastructure upgrades and capital expenditures by December 31<sup>st</sup>, 2009.

2009 Waterworks Financial Overview

o Total waterworks revenue (R) (includes Capital Grant of \$67,050)	\$572,341
o Total waterworks expenditures (E)	\$500,268
o Total Waterworks Capital (C)	\$139,044
o Total debt payments on waterworks infrastructure loans (D)	\$ 46,538
o Comparison of waterworks revenues to expenditures plus capital and debt payments expressed as a ratio =	
$\frac{R}{E+C+D}$ = Ratio	$\frac{430,863}{500,268+139,044+46,538} = 83.54\%$

For 2009, waterworks revenues covered 83.54% of the waterworks expenditures including long-term debt payment and capital items. New in 2009 was the recording of amortization as an expense. Included in the expenditures is the amortization expense of \$68,749.

In 2009, the Town of Lanigan undertook the following Capital projects:

Chlorine Dioxide Pilot Project	77,565	Lift Station Upgrades	16,464
Main Valve Replacement	45,015		

2010 Capital Projects will include further investigation into organic removal in our water to reduce Trihalomethanes, upgrades to our lift station and VLA pump.

Council feels Objective A has been achieved and will review its water & sewer rates annually to achieve Objective B.

In achieving Objective B, Council has increased the minimum monthly rate for water & sewer to \$50 per month, effective January 1, 2009. Consumers were allowed up to 4000 gallons under this rate with any overage charges at a rate of \$12.50 per 1000 gallons. This has raised an additional \$74,096 in revenues. To date \$250,000 has been allocated to the Water & Sewer Reserve Fund. This was from a re-designation of an Unspecified Reserve Fund that was created from General Operations.

Further increases being considered are:

July 1<sup>st</sup>, 2010      Increase the minimum monthly rate from \$50.00 per month to \$55.00 per month and increase the overage rate from \$12.50/1000 gallons to \$13.75/1000 gallons. Estimated revenues:

# of connections	x	minimum rate	x	months	
650	x	\$50.00	x	6 months =	\$195,000
650	x	\$55.00	x	6 months =	\$214,500
5 million gallons of overage @ \$12.50/1000 gallons					\$62,500
5 million gallons of overage @ \$13.75/1000 gallons					<u>\$68,750</u>
					\$540,750

July 1<sup>st</sup>, 2011      Increase the minimum monthly rate from \$55.00 per month to \$60.00 per month and increase the overage rate from \$13.75/1000 gallons to \$15.00/1000 gallons. Estimated revenues:

# of connections	x	minimum rate	x	months	
650	x	\$55.00	x	6 months =	\$214,500
650	x	\$60.00	x	6 months =	\$234,000
5 million gallons of overage @ \$12.50/1000 gallons					\$68,750
5 million gallons of overage @ \$13.75/1000 gallons					<u>\$75,000</u>
					\$592,250

It should be noted, a number of variables will impact on the above increases:

- Capital Upgrades to our Water Treatment Plant that impact our operating costs
- Increases to our power & energy rates
- Increases to our raw water rates currently at \$2.56/1000 gallons
- Improvements to our Lift Stations, Lagoon, Water & Sewer Distribution System
- Aging infrastructure
- Government Regulations
- Changes to our raw water quality
- Availability of Capital Grants
- Increases in salaries